

Stogner, Michael, EMNRD

From: Stogner, Michael, EMNRD
To: J. Alan Grimsley
Cc: Arrant, Bryan, EMNRD
Subject: Karlsbad Corral 11 #4H

Sent: Mon 9/11/2006 8:53 AM

Attachments:

I am in the process of reviewing your application (pTDS0-622351477) dated August 10, 2006. You state in your application, "Southwestern Energy Production Company has gained 100% access to the mineral interests to the Cherry Canyon formation in the Delaware Mountain Group of Section 11 via farmout agreements with EOG (Lease Serial No. 3633-2) with the exception of the NE 1/4 NE 1//4 quarter section of Section 11 in which Southwestern Energy Production Co. shares interest (50/50) with OXY USA WPT L.P."

Since the estimated top of the Northwest Corral Canyon-Delaware Pool at 3200 feet will be intercepted by the vertical portion of the proposed wellbore, was OXY USA WPT L.P. notified pursuant to Division Rules 1210.A (2), 104.F (3) and (4), 111.A (13), and 111.C (2)?

 Attachments can contain viruses that may harm your computer. Attachments may not display correctly.

Stogner, Michael, EMNRD

From: Alan Grimsley [Alan_Grimsley@SWN.COM] **Sent:** Mon 9/11/2006 12:58 PM
To: Stogner, Michael, EMNRD
Cc: Arrant, Bryan, EMNRD
Subject: RE: Karlsbad Corral 11 #4H
Attachments:  Oxy Waiver Approval.pdf(147KB)

Mr Stogner,
Attached is pdf scan of waiver of no objection from OXY.

Let me know if I need to provide anything else.

Regards,
Alan

From: Stogner, Michael, EMNRD [mailto:michael.stogner@state.nm.us]
Sent: Monday, September 11, 2006 9:53 AM
To: Alan Grimsley
Cc: Arrant, Bryan, EMNRD
Subject: Karlsbad Corral 11 #4H

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**Southwestern Energy
Company**

2350 N. Sam Houston Parkway East
Suite 300
Houston, Texas 77032
(281) 618-4700 FAX: (281) 618-4618

August 11, 2006

Via Fax & Federal Express
(432) 685-5905

OXY USA WTP L.P.
6 Delta Drive
Suite 6000
Midland, Texas 79705

Attn: Mr. David Evans

Re: Karlsbad Corral 11 #4-H well
Section 11 T25S, R29E
Corral Fly Prospect
Eddy County, New Mexico

LFS # 145 455 00

This is to advise that Southwestern Energy Production Company ("SWN") is preparing to drill the above referenced well. The surface location for this horizontal well is 1340 feet FNL & 660 feet FFL which is twenty (20) feet from the lease boundary for the Corral Fly 11 State #1 well. A waiver of the distance requirements from the offset lease owner will facilitate the approval process for the non-standard location and APD permit.

The well will be drilled to test the Cherry Canyon formation (Corral Fly, Delaware Pool). The pool is spaced on 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line and for the subject well an exception to this 330' requirement is requested.

The proposed well, Karlsbad Corral 11 #4-H, will be directionally drilled from an unorthodox surface location 1,340 feet from the North Line and 660 feet from the East Line of Section 11 to a bottom hole location 1,498 feet from the South Line and 683 feet from the East line. A survey plat that illustrates the Producing and Project Areas is attached.

The well plan consists of drilling a vertical hole to the KOP (kick off point) at 4,913' MD/TVD. The hole will be directional drilled utilizing a build rate of 12"/100' to penetrate the Cherry Canyon 4 Sand at 5,641' MD / 5,377' TVD at 90° of angle. The Cherry Canyon 4 will be intersected at 1,803' FNL and 660' FEL of Section 11 T25S R29E. The well will continue laterally (90°) for ±2000' of vertical displacement. The proposed BHL will be 1,498' FSL & 683' FWL of section 2. A drilling prognosis and directional plot are also attached.

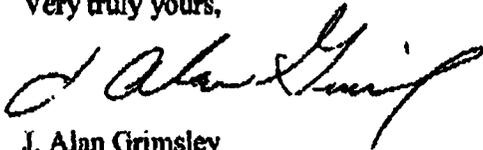
Production casing will be run and cemented to TD. The Cherry Canyon 4 Sand will be selectively perforated, with all perforations being placed in accordance of a standard location of Section 11 T25S R29E (greater than 330' from any lease line).

Please indicate your waiver of the distance requirements for the referenced well in the space provided below, then return one copy hereof to the attention of the undersigned via fax at 281-618-4739.

Thank you for your kind assistance on this matter and your prompt attention will be greatly appreciated..

If you have any questions, I can be reached at 281-618-4068 or by email at alan_grimsley@swn.com.

Very truly yours,



J. Alan Grimsley
Southwestern Energy Production Co.

Agreed to and accepted this 11 day of August, 2006

OXY USA WTP, Limited Partnership



(Individual Name or Company Name)

By: Oxy USA WTP Limited Partnership

Name: David R Evans

Title: Land Negotiator

Attachments

State of New Mexico

DISTRICT I

1825 N. FRANCIS DR., ALBUQU, NM 87104

Energy, Minerals and Natural Resources Department

DISTRICT II

1801 N. GRAND AVENUE, ALBUQU, NM 87104

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

Form C-102 Revised October 12, 2000 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 8 Copies

DISTRICT III

1000 Rio Grande Rd., Aztec, NM 87410

DISTRICT IV

1825 N. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name KARLSBAD CORRAL 11	Well Number 4H
GRID No.	Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	Elevation 3089'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	11	25-S	29-E		1340	NORTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	11	25-S	29-E		1498	SOUTH	683	EAST	EDDY

Dedicated Acre	Joint or Infill	Consolidation Code	Order No.
80			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

GEODETIC COORDINATES
NAD 27 NMF

Y=417827.5 N
X=619178.9 E

LAT.=32°08'53" N
LONG.=103°56'54" W

BOTTOM HOLE
Y=415350.1 N
X=619178.9 E

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unless mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division.

J. Alan Grimsley
Signature Date 8/8/06
J. Alan Grimsley
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JULY 25, 2006

Date Surveyed REV-08/08/06 MR
Signature & Seal
Professional Surveyor

State No. GARY EDGSON 12655
REYNOLDS EDGSON 3839